

2013 BUDGET LEGISLATION FISCAL NOTE

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title: AN ORDINANCE relating to the levy of property taxes; fixing the rates and/or amounts of taxes to be levied, and levying the same upon all taxable property, both real and personal, in the City of Seattle, to finance the departments and activities of City government and to provide for the general obligation bond interest and redemption requirements for the year beginning on the first day of January 2013; and ratifying and confirming certain prior acts.

Summary of the Legislation:

This ordinance imposes the City's property tax for 2013 to pay for City government activities and for general obligation bond interest and redemption.

Background:

RCW 84.55.010 provides that the City may, with a simple majority vote of the Council, levy a property tax increase equal to inflation but not greater than a 1% increase over the prior year's regular property tax collection. If inflation is lower than 1%, the law requires a majority plus one vote, with a finding of substantial need, to have a tax increase exceed inflation to the maximum of 1%. Inflation is measured by the implicit price deflator for the United States published in September. In most years, the inflation rate will exceed 1%. This year the rate is 1.295%. Thus, the Council does not need to make a finding of substantial need with approval by a majority plus one vote. The Council may not increase regular property taxes above 1% without a vote of the people.

Other than the 1% increase in the regular non-voted current expense property tax levy proposed in the attached Bill and the same 1% increase for the Bridging the Gap Transportation levy lid lift and the Families & Education levy lid lift, the City's regular levy includes for 2013 collection the new Library levy lid lift with a first year levy amount of \$17,000,000. Also, the 9-year Fire Facilities levy (2004-2012) expired. Altogether, these changes result in an overall increase from 2012 of \$12,472,903, which does not include changes in the excess levy for redemption of general obligation bonds, the "refund fund levy" or additional taxes resulting from new construction, construction of wind turbine facilities classified as personal property, improvements to property, or increases in the value of state-assessed property. Additionally, this ordinance includes a levy of \$16,000,000 for interest on and redemption of voter-approved general obligation bonds for the fiscal year 2013, an approximate \$1 million reduction from the amount levied for collection in 2012.

Please check one of the following:

_____ This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

X This legislation has financial implications.

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Anticipated Revenue/Reimbursement Resulting from this Legislation:

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.)

Fund Name and Number	Department	Revenue Source	2012 Revenue	2013 Revenue	2014 Revenue
00100 General Subfund	General Fund	Property Tax	224,358,000	226,267,000	230,846,000
34440 2003 Fire Facilities Subfund	FAS	Property Tax	7,500,000	NA	NA
10300 Transportation Fund	Transportation	Property Tax	41,229,000	41,287,000	41,982,000
11010 Pike Place Market Renovation Fund	FAS/Pike Place Market PDA	Property Tax	12,500,000	12,500,000	10,500,000
33860 2008 Parks Levy Fund	Parks	Property Tax	24,250,000	24,250,000	24,250,000
16416 Low Income Housing Levy Subfund (2009)	Office of Housing	Property Tax	20,714,000	20,714,000	20,714,000
17857 2011 Education Support Services Subfund	Neighborhoods	Property Tax	32,101,000	32,422,000	32,746,000
18100 Library Levy Fund	Seattle Public Library	Property Tax	NA	17,000,000	17,170,000
20140 Unlimited Tax Levy GO Bonds	FAS	Property Tax	17,025,000	16,000,000	14,799,344
TOTAL			379,677,000	390,440,000	393,007,000

Revenue/Reimbursement Notes: Due to the levy's design, the transportation lid lift also receives a portion of new construction revenues, which accounts for the difference between the numbers reflected in the ordinance and fiscal note.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

Yes, please see section b) below.

b) What is the financial cost of not implementing the legislation?

Without this legislation, no **increase** in property tax revenue, other than that resulting from the addition of new construction, improvements to property, construction of wind

turbine facilities classified as personal property, and any increase in the value of state-assessed property, may be authorized. The cost of not implementing this legislation is the 1% increase over the 2012 current expense levy, Transportation levy lid lift, and Families and Education levy lid lift, estimated to be \$2.71 million. If not passed, the County Assessor will levy the same amounts (general expense and levy lid lifts) as levied for the 2012 tax collection year plus amounts resulting from new construction, improvements to property, construction of wind turbine facilities classified as personal property, and any increase in the value of state-assessed property.

c) Does this legislation affect any departments besides the originating department?

See b) above and the “Anticipated Revenue” Table above for affected departments.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

Without voter approval, there is no other mechanism to increase property tax revenue.

e) Is a public hearing required for this legislation?

Yes. Public hearings will take place on October 4, 2012 and October 25, 2012.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

None.

List attachments to the fiscal note below:

None.